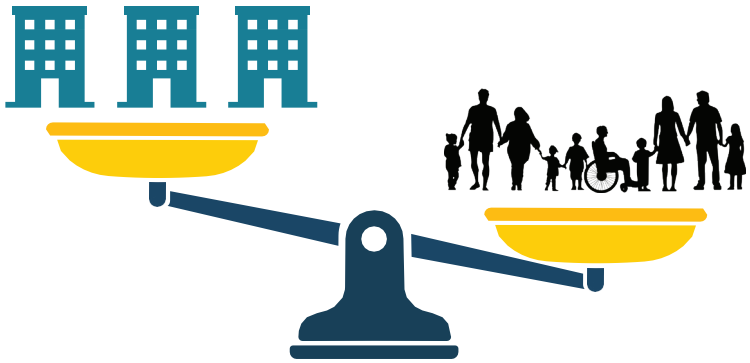
IT'S TIME TO PRIORITIZE CARE

Fixing Michigan's Medicaid Behavioral Health System



Today's system is broken. Instead of focusing on care, it's weighed down by red tape, delays, and a confusing structure that puts paperwork before people. But there's a better way—and it's already working in other states. **It's time to push for reform that puts people first.**

The Problem:
The System Prioritizes Paperwork Over People.

THERE ARE TOO MANY ADMINISTRATIVE LAYERS.

Michigan's Medicaid behavioral health system has three separate layers of administration—the State of Michigan, 10 Prepaid Inpatient Health Plans (PIHPs), and 46 Community Mental Health Authorities (CMHAs)—That means more complexity, more delays, and fewer resources reaching the people who need them most.

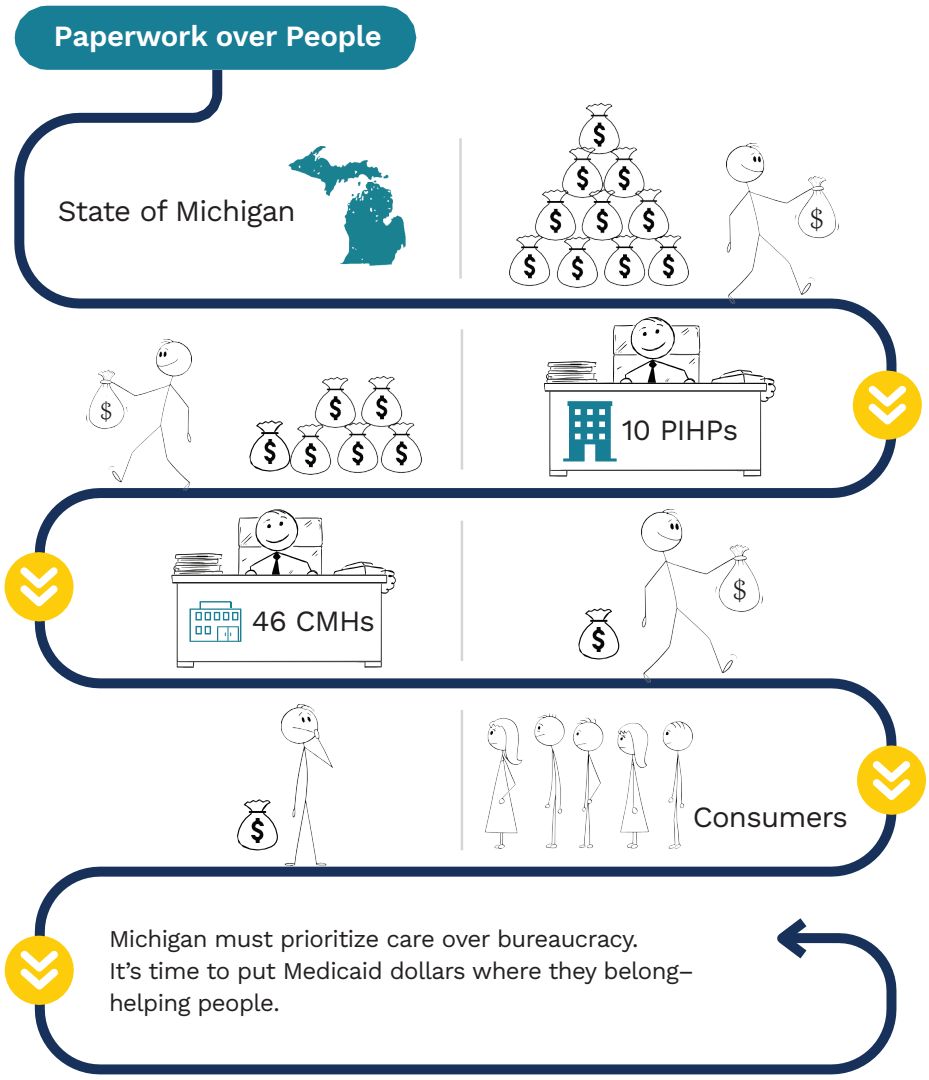
HERE'S HOW THE CURRENT SYSTEM WORKS:

MDHHS contracts with 10 PIHPS that cover different parts of the state.

The PIHPs then contract with 46 Community Mental Health Authorities (CMHAs).

The CMHAs then contract with the providers who directly deliver services to the people that need care. *In many instances, CMHAs have also started to provide services, acting as their own payer.*

The same organizations that decide whether someone's care is "medically necessary" are also trying to control costs—creating a built-in conflict of interest.



THIS RESULTS IN:

- Low reimbursement rates for providers
- Waitlists and service cuts
- Decisions driven by cost, not care

There's a better way.

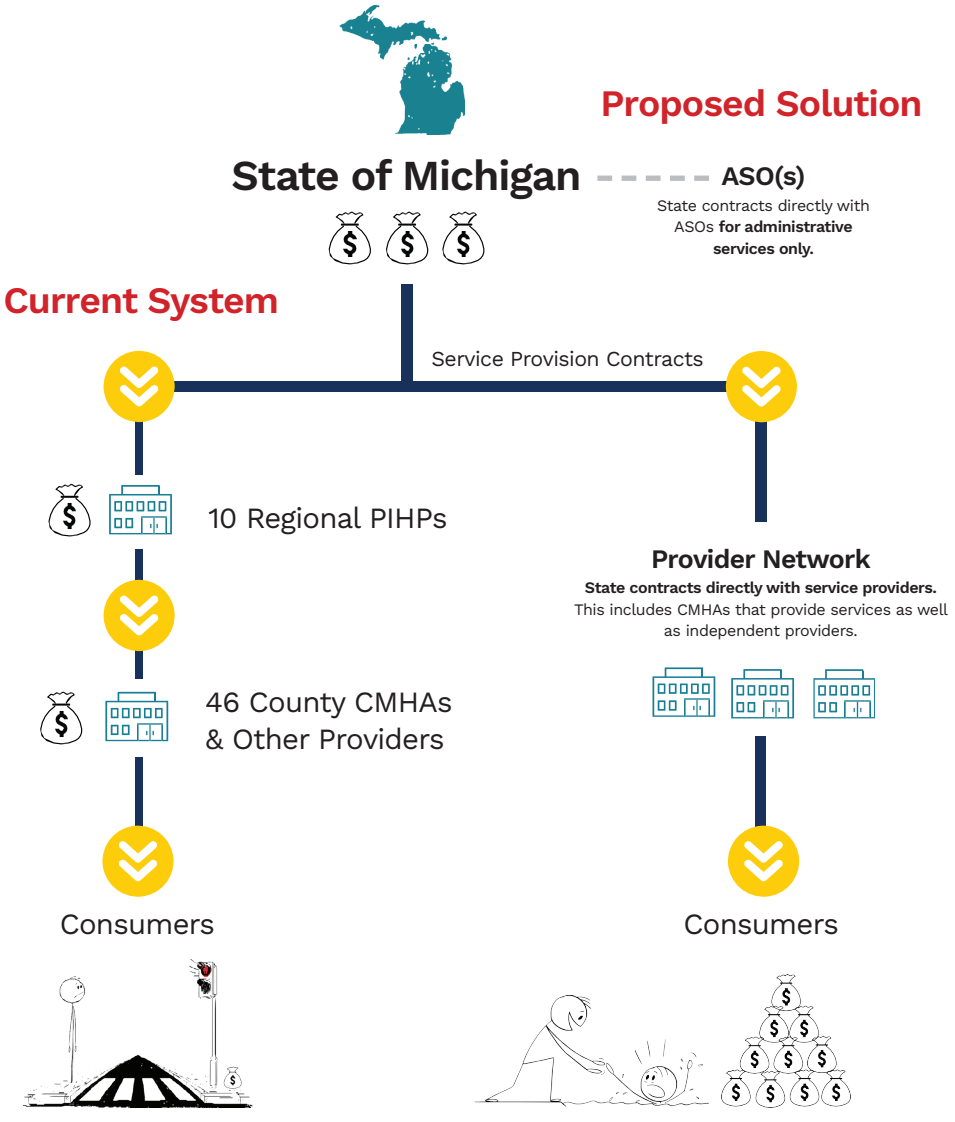
The Solution:
Put More Money into Services, Not Administration.

THE PIHP LAYER IS UNNECESSARY AND WASTEFUL.

The proposed model replaces PIHPs with Administrative Services Organizations (ASOs) that oversee service authorizations without managing the money. CMHAs can remain as service providers, *but not payers*. This creates a cleaner, more accountable structure—eliminating the conflict of interest at the heart of today's system.

REFORM WOULD MEAN:

- **Less Bureaucracy**
  Replace administrative layers with independent ASOs.
- **Transparent, Fair Payments**
  Providers are paid adequate rates in direct state contracts.
- **Real Accountability**
  MDHHS directly oversees the system and enforces standards.
- **Stronger Provider Networks**
  More options and better access to care close to home.



In Connecticut, where a similar model is already in place, 97.5% of Medicaid dollars go directly to care—proving that this works.

Let's Push For Reform, Together.

Join our coalition of partners calling for a behavioral health system that puts people first. We believe that care should be timely, transparent, and accessible—without unnecessary administrative barriers.

Learn More at Disability Rights Michigan: DRMich.org/Michigans-Medicaid-System

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Disability Rights Michigan

MI DDI Michigan Developmental Disabilities Institute

Michigan Disability Rights Coalition
With liberty and access for all.

MHA Mental Health Association in Michigan

1in6 Support

micarecouncil

AUTISM ALLIANCE OF MICHIGAN

The Arc Bay County

DETROIT DISABILITY POWER

The Arc Michigan

MSILC Michigan Statewide Independent Living Council

Speak up for a behavioral health system that works for people. Contact key decision-makers at the Michigan Department of Health and Human Services:

- **Elizabeth Hertel, MDHHS Director**
  HertelE@michigan.gov
- **Megan Groen, Medicaid Director**
  GroenM2@michigan.gov
- **Kristen Morningstar, Behavioral Health Division Director**
  MorningstarK@michigan.gov

Scan the Code to View the Complete System Overview Presentation

Tip Sheet
For Immediate Release
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Story Ideas About the Need for Behavioral Health Reform

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LANSING, Mich. – The Michigan Department of Health and Human Services (MDHHS), responsible for Michigan's Medicaid program, has announced an initiative to strengthen behavioral healthcare access, quality and choices.

Currently, MDHHS contracts with 10 Prepaid Inpatient Health Plans (PIHPs) that cover different parts of the state. They are responsible for paying for and helping people use Medicaid-covered behavioral health services. The PIHPs then contract with 46 Community Mental Health Authorities (CMHAs) – that then usually contract with the providers who directly deliver services.

Over 300,000 Michigan citizens live with severe and persistent mental illness or an intellectual / developmental disability. While they currently receive their physical healthcare from one of nine health plans, their behavioral healthcare is limited to the region in which they reside and authorized by the PIHP and CMHA. The care they receive is determined solely by geography.

This results in an unnecessary and wasteful Medicaid behavioral health system due to the three layers of administration (excluding direct providers and the federal government) funding goes through before it reaches the people who need care. The same organizations that authorize Medicaid services are also responsible for paying for them—creating a built-in conflict of interest. Each administrative layer leaves less funding for the people who need care. It limits access to care, choice of providers, and the ability to move or transfer a service.

The MDHHS initiative should be a defining moment for Michigan as we must move toward a stronger, more person-centered system that expands consumer choice by ensuring individuals can select from a fully funded, high-quality provider network. By reducing administrative waste, the system can direct more funding toward essential, direct-care services.

Experts from MI Care Council, Disability Rights Michigan, and the Mental Health Association in Michigan are available for interviews to discuss various problems of the current Medicaid behavioral health system, along with solutions.

Michigan's Medicaid Behavioral Health System is Not Working

While the 300,000 Michigan citizens who live with severe and persistent mental illness or an intellectual/developmental disability receive their physical healthcare from one of nine health plans, their behavioral healthcare is limited to the region in which they reside and authorized by a Prepaid Inpatient Health Plans (PIHPs) that cover different parts of the state. The PIHPs then contract with a Community Mental Health Authority (CMHA). This means the care they receive is determined solely by geography. These unnecessary and wasteful layers of administration leave less funding for people who need care. It limits access to care, choice of providers, and the ability to move or transfer a service.

Contact: *Dan Cherrin, MI Care Council, Executive Director*

MDHHS Offers Opportunity for Input and Reform

This spring, the Michigan Department of Health and Human Services (MDHHS) sought feedback on how to improve access, quality and choice in behavioral health care for Michigan families. With federal realignments on the horizon, Michigan's behavioral health system is on the verge of significant changes. If enough voices speak up, MDHHS can create a system that is seamless, efficient, accountable and rooted in self-determination — one that works for the people it's meant to serve.

Contact: *James Haveman, Former Director, Michigan Department of Community Health (now MDHHS)*

Connecticut Shows How Behavioral Health Reform Can Succeed

A model that puts care over cost-cutting has been largely successful in Connecticut, where Administrative Services Organizations (ASOs) handle authorizations without financial bias. In the proposed model, which is loosely based on the Connecticut model, MDHHS pays one or more ASOs a flat rate to provide administrative services. Because the ASOs are paid a flat rate regardless of how many services they authorize, they have no financial motivation to deny or limit services. Separately, providers (including the CMHs) contract directly with the state Medicaid agency to provide services. Rate and policy-setting at the state level is transparent and improves accountability. CMHs return to their original role of providing direct services, not managing care, and continue to provide care coordination and develop plans of service—functions CMHs are uniquely well situated to handle. Replacing the PIHPs with one or a few ASOs would cut unnecessary costs and increase the amount of money going to services: in Connecticut, switching to ASOs meant 97.5% of Medicaid dollars went directly to services instead of administrative costs.

Contact: *Nick Gable, Senior Attorney, Disability Rights Michigan, Senior Attorney*

Outdated, Broken – Difficult to Access Services

Access to quality healthcare is not a partisan issue – it's a fundamental right. When PIHPs and CMHs decide what services to approve while trying to stay under budget, this leads to unjustified service denials, waitlists due to low provider reimbursement, and secretive decision-making about medical necessity. MDHHS cannot hold PIHPs and CMHs accountable for non-compliance, leaving Medicaid recipients without options. People shouldn't have to file lawsuits to get the care they're entitled to—most can't afford legal help.

Contact: *Marianne Huff, LMSW, President & CEO, Mental Health Association in Michigan*

About MI Care Council:

The MI Care Council is the independent voice for healthcare and social support providers across Michigan. They advocate for a person-centered, integrated system of care that prioritizes access, quality, consumer choice, and efficiency. Their mission is to promote policies that strengthen a coordinated, high-value continuum of care—ensuring services are responsive, portable, and aligned with the needs of every Michigander.

To learn more, visit www.micarecouncil.co.

About Mental Health Association in Michigan:

The Mental Health Association in Michigan's mission is to promote quality mental health and substance use disorder supports and services and the availability of mental health treatment through advocacy and education.

To learn more, visit www.mha-mi.com.

About Disability Rights Michigan:

Disability Rights Michigan (DRM) is the independent, private, nonprofit, nonpartisan protection and advocacy organization authorized by Federal and State law to advocate and protect the legal rights of people with disabilities in Michigan.

To learn more, visit www.drmich.org.